



**STATE OF LOUISIANA  
DIVISION OF ADMINISTRATION  
LOUISIANA 'LaCarte' PURCHASING CARD POLICY**

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# **State of Louisiana**

## **‘LaCarte’**

### **Purchasing Card Policy**

#### **I. ‘LaCarte’ Purchasing Card Program**

##### **A. Policy Statement**

This policy covers “LaCarte,” the Purchasing Card Program and establishes minimum standards for possession and use. LaCarte is a tool used to assist in the management of purchasing and accounting. LaCarte is a Visa card issued by Bank of America for the State of Louisiana. This card will enable employees to purchase items with the convenience of a credit card, while maintaining control over those purchases. The use of this card will improve efficiency and effectiveness by reducing costs associated with processing purchases and payments and will allow for the receipt of goods more timely.

The use of LaCarte will be limited to low-dollar orders (\$500 or less) during the initial implementation of the program. Statewide program limits will be changed by a numbered Purchasing Card Policy Amendment issued by the Office of State Purchasing.

This policy and/or procedures is not intended to replace current Purchasing Policies, Rules and Regulations, Louisiana Statutes, or Executive Orders.

#### **II. Purchasing Card Administration**

##### **A. Office of State Purchasing Responsibilities**

The State of Louisiana, Office of State Purchasing is responsible for the statewide contract administration of the Purchasing Card Program. The State Purchasing Card Administrator will serve as a central point of contact to address all issues and changes necessary to the overall program, and coordinate such changes with the contractor, Bank of America.

The Office of State Purchasing will set state policies including statewide limits, allowable merchant category codes and approve agency participation in the program. State Purchasing will also determine individual agency maximum limits based on program compliance, staff experience, training and factors that promote the overall use of the program.

## **B. Agency Responsibilities**

Agency responsibilities include administration of their purchasing card program, and compliance with state guidelines identified here and in the State Accounting and Purchasing Card Manual.

The Department Head will be responsible for designating the Agency Purchasing Card Program Administrator and for notifying the State Program Administrator at the Office of State Purchasing of any changes in the department head or program administrator.

The Agency Program Administrator will be responsible for keeping abreast of program updates as they are posted on the Office of State Purchasing “La Carte” Procurement Card Program Website ([www.state.la.us/osp/LaCarte/LaCarte-Intro.htm](http://www.state.la.us/osp/LaCarte/LaCarte-Intro.htm)) and dissemination of this information to the Department Head, Cardholders, and any other agency personnel as deemed appropriate.

Agencies are also responsible for establishing proper controls and developing internal policies and procedures as well as:

- Determining cardholders and setting individual cardholder limits for single transactions, daily and cycle transaction limits as well as cumulative spending limit within agency delegation of authority.
- Educating cardholders on use of card, sales tax issues, and 1099 reportable vendors.
- Determining allowable merchant category codes for Agency based on agency needs; and, provide justification to State Program Administrator to remove/add exclusions on statewide merchant category codes recommendations.
- Requesting cards, monitoring the issuance of cards, ensuring prompt reconciliation of periodic statements, and preparing statistics and reports to document the results of the Program.
- Maintaining budgetary controls.
- Performing routine post audits to determine that purchases under this program meet State Purchasing Card Program policies and procedures.
- Establishing and enforcing personnel policies to discipline employees in the event of abuse or failure to comply with established guidelines.
- Establishing procedures to cancel and collect cards when it is determined it is no longer needed or upon termination of the employee.

- Establishing and assigning default accounting codes for cardholders. There will be a default accounting code for each appropriated program that will consist of the fund/agency/organization/object combination for ISIS Agencies. The fund/agency will be the ISIS Agency number, the organization code will be the clearing organization number established by OSRAP (P plus the appropriation number) and the clearing object will be 3185. The clearing organizations will be set up by OSRAP at the time of enrollment in the program. The Agency will be responsible for notifying OSRAP of appropriated programs added or deleted after initial set up. A clearing organization code (PPPP) will also be set up for each corporate account (ISIS Agency) for miscellaneous charges and for cardholder transactions that have an incorrect default code.
- Maintaining default accounting codes when appropriated programs are added/deleted, employees are reassigned or if it is determined an incorrect accounting code was assigned.
- Reconciling paper statement to electronic payment (P3 document); and distributing costs from the default accounting codes to the proper accounting codes. ISIS Agencies must notify OSRAP immediately of any discrepancies.
- Non-ISIS Agencies will assign codes specific to their accounting system.

### **III. Policy Requirements**

#### **A. Card Issuance**

1. Cards are to be issued to State of Louisiana employees only.
2. Cardholders must be approved by the Agency Head.
3. Cardholder must secure and control card at all times.
4. Cardholders must sign a Cardholder Agreement form and complete training prior to a card being issued.
5. Cardholder shall be given a copy of policies and procedures for LaCarte Program.
6. Cards will be embossed with State of Louisiana, Department Name, Employee Name, Employee account number and State tax-exempt number.
7. Default accounting codes must be assigned to each cardholder. ISIS agencies default accounting code will be the purchasing card clearing organization number for the appropriated program. Non-ISIS agencies will assign accounting codes specific for their accounting system.

#### **B. Card Use**

1. LaCarte is limited to use:
  - a) By individual state employees authorized by the Agency Head.

- b) By cardholder only.
- c) For official state use only.
- d) For individual purchases up to \$500.
- e) For use on approved Merchant Category Codes.
- 2. LaCarte shall not be used (regardless of dollar amount):
  - a) For personal use.
  - b) To avoid appropriate procurement or payment procedures.
  - c) To access cash.
  - d) For travel or entertainment services.
  - e) For contracted services or 1099 reportable vendors.
  - f) For alcohol.
  - g) For fuel and maintenance on the Fuel Card & Maintenance Program.

### **C. 1099 Reportable Vendors**

- 1. LaCarte cannot be used for 1099 reportable vendors. In order for a vendor to be considered 1099 reportable both the vendor and the type of payment being made to the vendor must be 1099 reportable.
- 2. Generally 1099 reportable vendors are:
  - a) sole proprietorships, individuals or a group of individuals, partnerships, trusts, or independent contractors that receive payments for rents, prizes and awards, health care, non-employees compensation, medical, legal and other services. This includes supplies if the supply is incidental to the service;
  - b) corporations that provide medical, health care or legal services;
  - c) any vendor subject to backup withholding tax.
- 3. More information can be found on 1099 reportable vendors in the IRS 1099 Instruction Booklet or by calling the OSRAP Help Desk.
- 4. Failure to follow these instructions will result in the Agency manually tracking these types of payments and processing of form 1099. Penalties of up to \$250,000 can be assessed by the IRS for not properly reporting.

### **D. Sales Tax**

- 1. State sales tax should not be charged on card purchases.
- 2. Cardholders should make every effort at the time of purchase to avoid being charged state sales tax.
- 3. In the event state sales tax is charged and a credit is warranted, it will be the cardholder's responsibility to have the vendor-merchant (not Bank of America) issue a credit to the cardholder's account.

4. It is State Policy not to pay sales tax; however, the Agencies may exempt cardholders from obtaining a credit from the vendor-merchant for state sales tax charges of \$25 or less. If a cardholder continually allows taxes of \$25 or less to be charged to the card, corrective measures must be taken.

#### **E. Documentation**

1. Ensure that documentation is adequate and sufficient to adhere to State Purchasing guidelines and Accounting guidelines for recording of expenditures.

### **IV. Payment, Reconciliation and Documentation**

#### **A. Payment Procedures**

1. The Agency will ensure that necessary procedures and controls are in place for prompt payment, reconciliation and cost distribution of charges and credits. Agency specific policies and procedures must be developed. These policies should address required approvals and authorizing procedures. Copies of this policy must be made available to all cardholders and other personnel responsible for LaCarte.
2. Bank of America will send paper statements and/or an electronic file containing all cardholder transactions. The electronic files that are available are the Statement Billing File to be used for payment and the InfoSpan File that may be used for reporting and reconciliation.
3. The paper statements and the electronic Statement Billing File will be sent within 5 days of the close of the billing cycle chosen by the Agency. The billing cycle for all ISIS Agencies' will be the 5th of each month.
4. The electronic InfoSpan files can be transferred daily, weekly, or monthly. ISIS Agencies' InfoSpan files will be transferred weekly. If an agency elects to use InfoSpan files for reporting and reconciliation purposes InfoSpan software must be installed. Bank of America will provide this software to Agencies free of charge.
5. Payment must be made electronically to Bank of America within 25 days of receipt of invoice.
6. The Statement Billing File will be used for ISIS Agencies to create a P3 document (payment voucher) and interface to AFS. This document will use the default accounting codes assigned to the cardholder at the time of issuance and a default accounting code assigned to the corporate account for miscellaneous charges. The interface will automatically create the P3 document each month. No action is required by ISIS Agencies for payment.

7. The P3 document will override budget checks and cash checks in AFS to produce an electronic funds transfer (EFT) to be sent to Bank of America. The EFT request will be processed on the 25th of each month.
8. Non-ISIS agencies can use the Statement Billing File to interface to their accounting system or use paper statements to produce an electronic funds transfer (EFT) to Bank of America.

## **B. Reconciliation and Cost Distribution**

1. The cardholder must document the date of purchase, the vendor name, description of the item (subclass), amount, receipt date and accounting distribution information such as organization number, object, reporting category, location, etc. This may be accomplished by maintaining a "Purchasing Log" or recording information directly on the receipt from the vendor for each purchase and/or credit made with LaCarte.
2. Cardholders will receive paper memo statements monthly from Bank of America within 5 days of the close of the billing cycle (ISIS Agencies' billing cycle will close on the 5th of each month).
3. The cardholder must reconcile purchases made during the billing cycle by matching the memo statement to the Purchasing Log and/or the documentation obtained from the vendors on purchases. The documentation will be reviewed and certified by the cardholder as received or reported as a disputed item. The cardholder will then forward this information including the accounting distribution information to his/her supervisor or designated reviewer.
4. The supervisor or designated reviewer should review the information and documentation submitted by the cardholder. The reviewer should verify that acceptable documentation exists (including line item description/price and accounting distribution) to support each purchase and/or credit, verify that purchases are for official state business, and that purchases comply with appropriate rules and regulations. The supervisor or designated reviewer should sign the purchasing log or memo statement certifying his review and approval. The documentation, log and memo statement will then be sent to the accounting section.
5. Miscellaneous charges made to the corporate account must be reviewed, approved and reconciled by agency.
6. If it is determined that personal or other unauthorized charges are occurring on the card, appropriate steps, up to and including dismissal, shall be taken to resolve the misuse/abuse of the card.
7. Upon receipt of the purchasing log and supporting documentation, the accounting section will review documentation to ensure that the required reconciliation is accurate and audit the documentation. The charges are then distributed to the appropriate accounting codes.

8. ISIS Accounting sections must review the P3's immediately upon their posting and determine if any discrepancies exist from paper statement to P3's. If a discrepancy does exist, you should contact the Bank of America Support Desk at (602) 597-5888 to determine how the discrepancy will be corrected. Once this information is received, Accounting must contact either Ruth Johnson (225) 342-1095 or Gary Andrus (225) 342-1096 at OSRAP and fax a copy of the billing statement to OSRAP (225) 342-1053. OSRAP will then determine if manual P3's have to be issued. This must take place prior to the 25<sup>th</sup> of each month.
9. ISIS Agencies will prepare a journal voucher (J6 or J2 or create a REJ6 record to automatically generate the J6 each month) document to credit the default accounting codes (purchasing card clearing organization and object) and debit the appropriate organization, object, reporting category, etc. Note: Payment for all ISIS Agencies will be made automatically on the 25<sup>th</sup> of each month regardless of the status of the reconciliation process.
10. ISIS Agencies must reconcile the paper statement at the corporate account level to the electronic payment made to Bank of America.
11. Non-ISIS Agencies will reconcile and distribute the charges in their accounting system. Note: reconciliation may take place before or after payment for Non-ISIS Agencies but payment must be made to Bank of America within 25 days of receipt of statement.
12. Agencies should complete the reconciliation and distribution processes each month and prior to receiving the next billing cycle. All charges and/or credits should be cleared from the purchasing card clearing organizations each month for ISIS Agencies.
13. Non-ISIS Agencies will distribute costs to their accounting system in a timely manner and according to agency policy and procedures.

### **C. Documentation**

1. The Agency will ensure that documentation is adequate and sufficient to allow for the proper recording of expenditures in the ISIS/Advantage Financial System (AFS) or Agency accounting system if Non-ISIS.
2. Documentation is required for all purchases and credits. For items purchased over the counter, the cardholder should obtain the customer copy of the receipt. When ordering by telephone, fax, or computer, the cardholder must obtain a packing list or similar document. For items such as subscriptions and registrations, where the vendor does not normally generate a receipt or packing slip, a copy of the ordering document may be used. Acceptable documentation must include a line description and line item pricing for the purchase.
3. The Agency will maintain a permanent file of all purchasing logs and supporting documentation. This file will be subject to periodic review by the Office of the Legislative Auditors and any other duly authorized auditor.



## **V. Audit**

### **A. Post Audits**

Post audits of cardholder transactions will be performed to monitor the number and amount of purchases made; vendors used, as well as detailed transaction information. Accounting and Purchasing may use InfoSpan software to produce exception and spending analysis reports to support control and audit of the purchasing card program.

The Department Head and Agency Program Administrator, by signing this Policy, acknowledges and accepts his/her responsibilities in the administration of this program as outlined herein.

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Department Head

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Agency Program Administrator

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Agency

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Date

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